



BRIAN BUFFINI'S REAL ESTATE REPORT



CANADA EDITION
2ND BIENNIAL 2021



The current real estate market is historic. Low interest rates are driving high demand, but a shortage of inventory has complicated the buyer's journey. Throw a global pandemic into the mix, and we are looking at a real estate market that nobody has witnessed before. Today's buyers and sellers face unique challenges, and it's up to trusted real estate professionals to guide them through these conditions. To help with this mission, we produce Brian Buffini's Real Estate Report twice a year. Remind your clients they're in good hands and help them know what to expect by using this guide on the national real estate market to share relevant and up-to-date information with them.

It's a Good Life!®

Brian Buffini

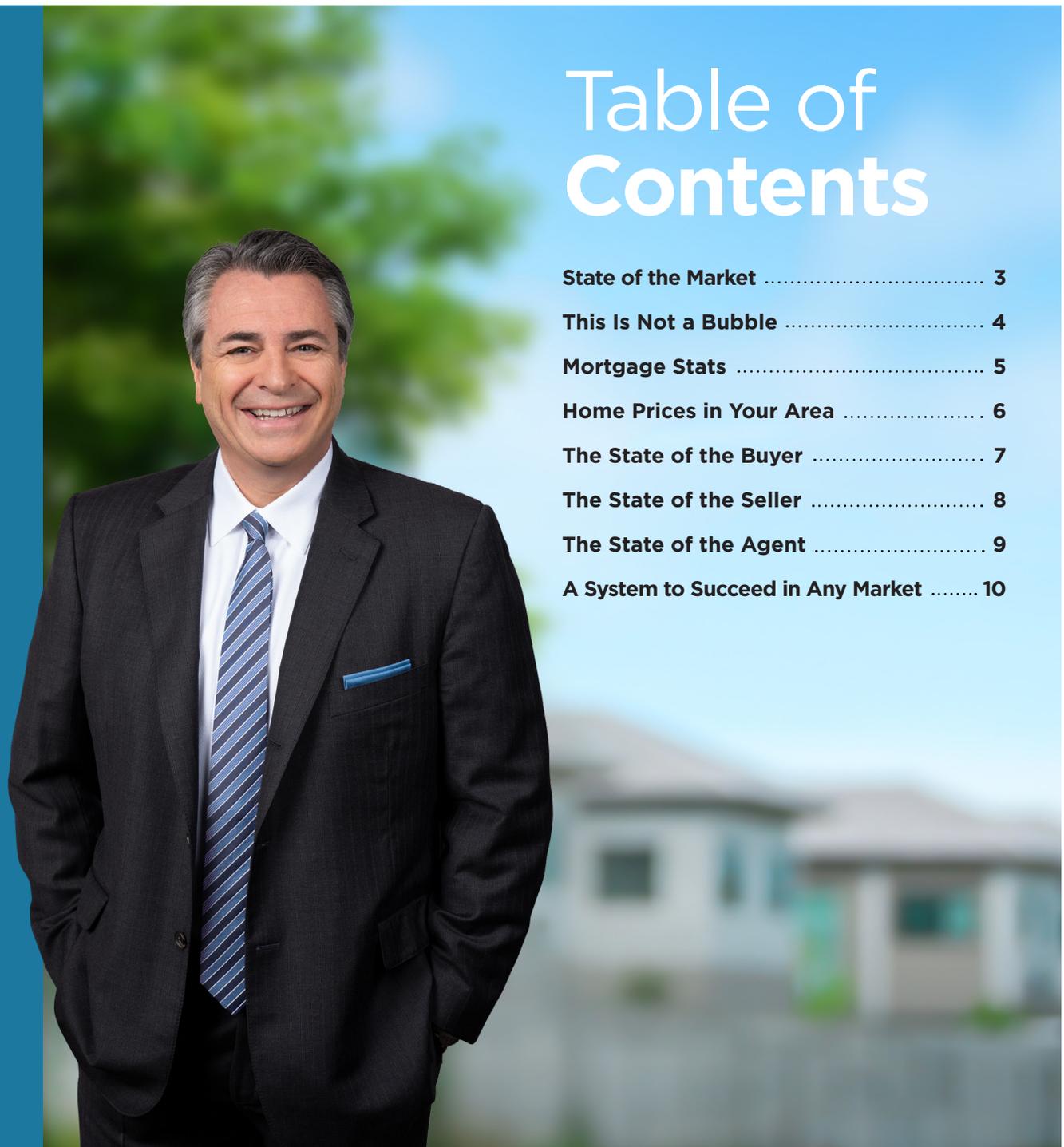


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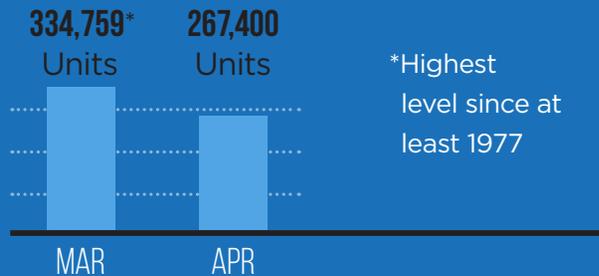
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State of the Market

Last year was a low point for the Canadian real estate market due to strict pandemic lockdowns. As market activity rebounds, year-over-year comparisons show an incredible recovery is in the works.



New Home Construction Housing Starts, 2021



*Highest level since at least 1977

Investment in new home construction is **up 10.7%** despite the rising cost of raw materials.

Sales Are Up

Existing Home Sales:

731,600 Units*
+256%

*As of April 2021;
Seasonally adjusted
and annualized

Listings Have Returned

New Listings:

976,500 Units*
+184.7%

*As of April 2021;
Seasonally adjusted
and annualized

Inventory Remains Tight

FOR SALE How many months it would take to liquidate all homes on the market at the current sales activity rate:

April 2021

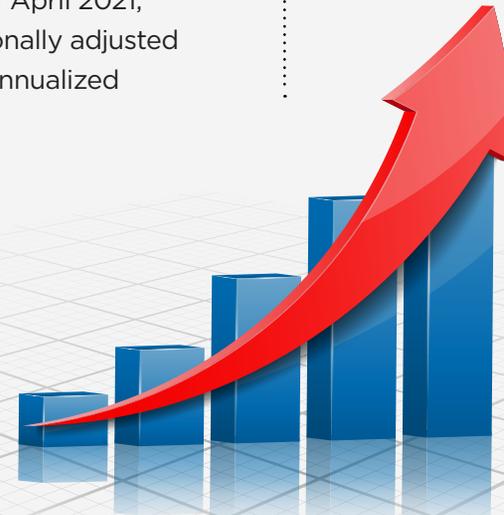
2 MONTHS Supply

March 2021

1.7 MONTHS Supply
(A record low)

Long-Term Average

5 MONTHS Supply



SOURCES: CMHC, CREA National Statistics (April 2021), RBC April Market Highlights (2021), Statistics Canada, Trading Economics

This Is Not a Bubble

Canada wasn't hit as hard as the United States during the housing crisis in 2008, and economists say it's unlikely that a similar crash will occur in 2021. Here's what makes the current situation unique:

Inventory Is Low

High buyer demand and increasing property values have reduced the risk of overbuilding, which typically leads to market busts. **In this market, there are more sales than listings:**

Sales-to-new-listings ratio:

May 2021:
75.4%

Jan 2021:
90.7%
Peak Level

Long-Term Average: **54.6%**

Builders are playing catchup. Even if prices and demand level off, economists expect strict provincial zoning rules will help prevent oversupply.



Prices Match the Market

A home in Canada costs 46%* more than one in the U.S. That's because housing makes up 9.3% of Canada's GDP — in the United States, it's only 4.6%.

Because real estate is a bigger part of the Canadian economy, higher prices are expected.

*Adjusted for purchasing power and exchange rates

Lending Rules Are Strict

In June 2021, the government strengthened stress test regulations to protect buyers from obtaining mortgages they can't afford.

New qualifying rate for uninsured mortgages (less than 20% down):

5.25%

or two percentage points above their contracted rate, whichever is higher.

This move is also expected to help moderate sales and cool the current market.

Borrower Credit Is Strong

87% of borrowers **have a 700+ credit score**, up from about 84% in 2020.

This data suggests that buyers are more likely to see their mortgages through.

Mortgage Holder's Average Credit Score:
765

SOURCES: BMO Capital Markets, CMHC Mortgage and Consumer Credit Trends (Q4 2021), CREA National Statistics (April 2021), Royal Bank of Canada

Mortgage Stats

The Bank of Canada is keeping the overnight lending rate low until 2023 to support post-pandemic economic recovery. These low mortgage rates are making homeownership more accessible for many, even with rising home prices.

Live in the Payment, Not the Price

For a \$400,000 mortgage with 25-year amortization period, securing a lower interest rate saves money over time.

- New “Stress Test” Qualifying Rate: 5.25%
- New mortgages made up 4.9% of all mortgage loans.

Interest Rate	Monthly Payment
2.79%	\$1,850
1.84%	\$1,663

\$187 Total Monthly Savings	\$2,604 Total Yearly Savings
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SOURCES: Bank of Canada, CMHC Mortgage and Consumer Credit Trends (Q4 2021), CREA REAL TIME Magazine Spring 2021

Home Prices In Your Area

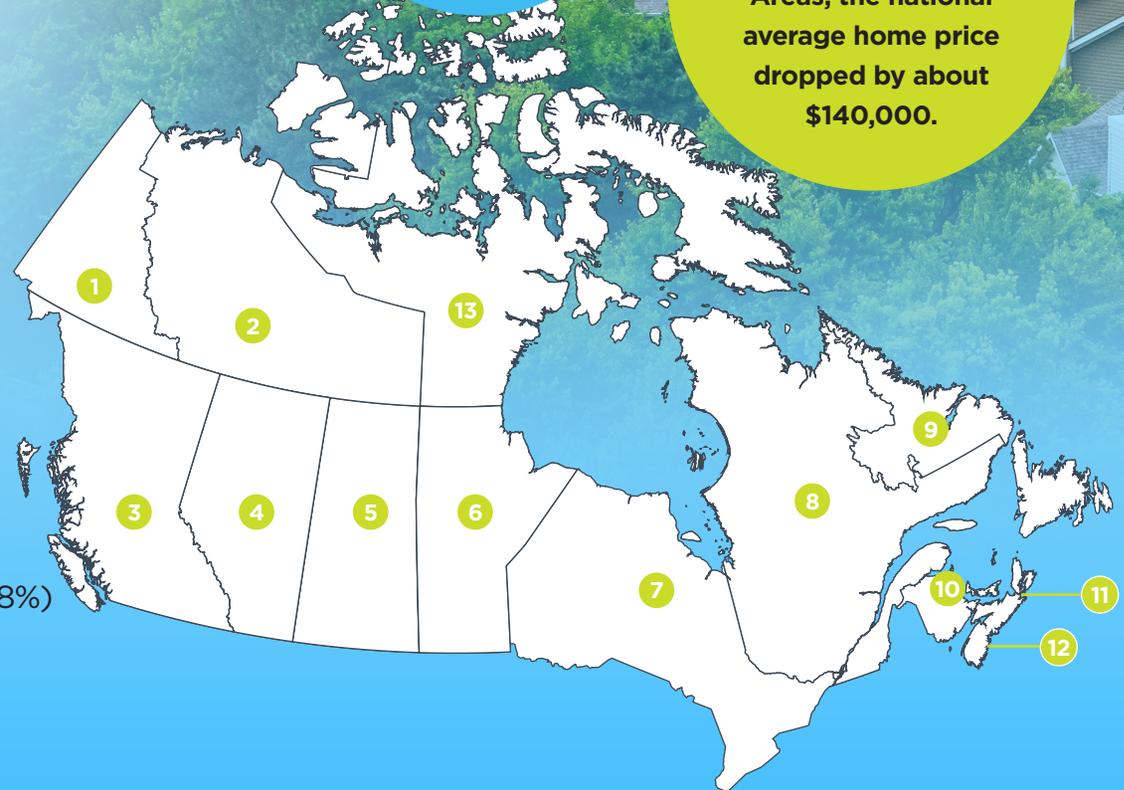
Since last year's initial lockdown, home prices have risen significantly across Canada. As always, the Greater Toronto Area and Greater Vancouver Area skew the national average sales price.

Average Price by Province: (and per cent change from 2020)*

- 1 Yukon: **\$516,139** (+23.6%)
- 2 Northwest Territories: **\$511,369** (+38.3%)
- 3 British Columbia: **\$916,741** (+26.2%)
- 4 Alberta: **\$442,808** (+19.2%)
- 5 Saskatchewan: **\$288,300** (+10.7%)
- 6 Manitoba: **\$338,288** (+14.2%)
- 7 Ontario: **\$866,307** (+37.6%)
- 8 Quebec: **\$449,698** (+28.6%)
- 9 Newfoundland and Labrador: **\$300,600** (+9.8%)
- 10 New Brunswick: **\$242,100** (+30.2%)
- 11 Prince Edward Island: **\$334,178** (+25.2%)
- 12 Nova Scotia: **\$363,330** (+32.4%)
- 13 Nunavut: No data available

National
Average
Home Price:
\$688,208
(+38.4%)

Excluding markets
in the Greater Toronto
and Greater Vancouver
Areas, the national
average home price
dropped by about
\$140,000.



*Not seasonally adjusted

SOURCE: CREA National Price Map (May 2021)

The State of the Buyer

Buyer patterns have shifted to reflect life during the pandemic. Gone is the window shopper — today's buyers are more serious and more qualified as they search for spacious properties outside of the cities.



A Great Relocation

In 2020, more people moved out of Toronto, Montreal and Vancouver than moved in.



Still, a majority of Canadians are in major metropolitan areas

71.8%



Seeking More Space

Sales growth is up for single-detached units in the Greater Toronto Area market.

Average Price in 2021, Toronto

Detached Unit:
\$1,376,485
(+26.8%)

Condominium:
\$624,037
(-4.3%)

Millennial Madness



48%
of Canadians aged 25-35 own a home.

57%
of recreational markets list properties below \$500,000.

SOURCES: RE/MAX Cabin and Cottage Trends Across Canada (2021), RE/MAX Canada, Toronto Regional Real Estate Board, Royal LePage, Statistics Canada

The State of the Seller

This is a strong seller's market in all regions. Homeowner equity has risen drastically, and Canadians who choose to sell are getting top dollar for their properties, especially if they made improvements during the pandemic.

Major Equity Gains

Home prices increased:

↑ **38.4%**

year-over-year, which means most owners experienced equity gains greater than their household incomes.

Median Family Income:

\$83,900

Average Home Price:

\$688,208

What Sellers Can Expect:

- ✓ Serious buyers
- ✓ A quick process
- ✓ Bidding wars/multiple offers
- ✓ Offers above asking price

SOURCES: CREA National Statistics (April 2021), HomeStars 2020 Reno Report, RE/MAX Canada, Statistics Canada

The State of the Agent

The COVID-19 pandemic has changed the way real estate agents across Canada do business. Expect a few of these trends to stick around even after the masks come off.

Realtor.ca users engaged with video tours

29 MILLION
times in 2020

Consumers on Realtor.ca attended nearly

50,000
Livestreams in 2020

In 2020, property page views on Realtor.ca increased

73%

Listings With Virtual Tours

Pre-March 2020:

15%

After March 2020:

25%



SOURCES: CREA REAL TIME Magazine Spring 2021, Realtor.ca

A System to Succeed in Any Market

More than 80% of all transactions are conducted through a sphere of influence — there is an existing relationship that leads to sales. Buffini & Company members achieve this by Working by Referral.



Work by Referral

Generating a stream of high-quality leads through building relationships.

“There is no lead more powerful than one referred from someone you know — someone who knows you, trusts you and will put their name to you.”

— BRIAN BUFFINI

When you master Working by Referral, you can succeed in any market — and Buffini & Company is here to help! **Talk to a Membership Consultant to learn how Buffini & Company business solutions can take your business to the next level:**

1-800-945-3485 x2.

ONE-THIRD OF BUYERS
received recommendations for real estate agents and mortgage lenders and brokers

32% of real estate agent recommendations came right from family members